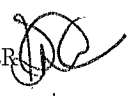

CHEVY CHASE VILLAGE
BOARD OF MANAGERS
DECEMBER 13, 2010 MEETING

STAFF REPORT

TO: BOARD OF MANAGERS
FROM: SHANA R. DAVIS-COOK, VILLAGE MANAGER 
DATE: 12/9/2010
SUBJECT: RESOLUTION NO. 12-02-10: A RESOLUTION URGING THE STATE OF MARYLAND TO REINSTATE HIGHWAY USER REVENUES AND STATE AID FOR POLICE PROTECTION DIVERTED FROM MUNICIPAL GOVERNMENTS TO THE STATE GENERAL FUND AND TO PROVIDE ADDITIONAL LOCAL DISCRETIONARY REVENUE RAISING AUTHORITY FOR MUNICIPALITIES

As the Budget Committee's report reflects, one of the factors contributing to the Village's decline in revenues in FY2010 and FY2011 is the large reduction taken by the State of Maryland in the two primary revenue sources transmitted to the municipalities across the State: the Highway User Revenues grant (HUR) and the State Aid for Police Protection grant (SAPP). As the titles reflect, this funding was used for roadway reconstruction and maintenance (i.e., paving and snow removal operations) and to defray the expense of maintaining adequate police protection, respectively. The Village's share of the HUR grant was cut by over 90% and our share of the SAPP grant was reduced by a little over 25%.

Despite these cuts, primarily the HUR grant, the related expenses previously defrayed by these funds were not eliminated, but were funded by other revenue sources: income/real estate tax revenues (the former of which was also reduced by approximately 48% from FY2009 through FY2010) and the violator-generated revenues from the Village's *SafeSpeed* Program.

The Maryland Municipal League—representing 157 municipal governments and two special taxing districts serving 1.5 million people in Maryland's cities, villages and towns—decided earlier this year that two of its primary issues for the coming year and legislative session would be to:

- 1) educate State legislators regarding the impact of these cuts to the many local communities whose transportation projects, street repair, snow removal and public safety departments do not receive funding support from the counties, and to encourage the General Assembly to reduce the cuts during the 2012 legislative session, and
- 2) encourage support for the General Assembly to create more options to raise revenues locally, to reduce municipalities' dependence on property and income tax revenues. (Note: unlike counties, Maryland municipalities do not have the authority to levy transfer, recordation, energy, or telecommunication taxes. Most municipalities need enabling legislative authority to utilize new revenue tools to make up for the lost State shared revenues.)

In support of MML's efforts, municipalities have been asked and have responded in astonishing numbers to adopt Resolutions urging the State to reinstate Highway User Revenues and State Aid for Police Protection funding to the municipalities. By adopting this Resolution, the Village will join neighboring municipalities—the Town of Chevy Chase, the Village of Chevy Chase Section 3, the Village of Chevy Chase Section 5, the Village of Friendship Heights and the Village of Martin's Additions—along with other jurisdictions across the County and State in supporting MML's efforts to show our State elected officials how important and necessary these funding sources are to us.



*An Open Letter from MML President Gary A. Comegys
to Maryland's Municipal Officials*

The membership of the Maryland Municipal League, at its business meeting on June 29, 2010 in Ocean City, unanimously approved a resolution calling for the State of Maryland to reinstate Highway User Revenues (HUR) and State Aid for Police Protection diverted from municipal governments to the State general fund and to provide additional local discretionary revenue raising authority for municipalities.

I am writing to urge all MML member municipalities to **support the League's efforts toward this end by approving similar resolutions locally and sharing copies of your local resolutions with the Senators and Delegates who represent you in the Maryland General Assembly.** A sample resolution for individual city/town adoption can be found in this packet.

You need to **act quickly to approve your local resolution** and make the citizens, media, and General Assembly candidates in your community know that your municipality feels strongly about this issue. **Once your council/commission has approved the local resolution, please forward a copy to me at the League's Annapolis office.**

Thank you in advance for taking action on this matter. It is through the active engagement of MML's membership that we can best make our case on this important issue.

Should you have any questions, please contact MML executive director Scott Hancock at 410-268-5514.

Sincerely,

Gary A. Comegys
2010-2011 MML President
Council Vice President, City of Salisbury

RESOLUTION NO. 12-02-10
INTRODUCED: 12/13/10
ADOPTED: 12/13/10

RESOLUTION OF THE BOARD OF MANAGERS FOR CHEVY CHASE VILLAGE, MD

FOR THE PURPOSE of petitioning the Administration and the Maryland General Assembly to reinstate state shared revenues diverted from municipal governments to fund operations of the state and to provide more diverse revenue raising authority to municipalities.

WHEREAS, The State has slashed vital State-shared revenues historically provided to municipal governments, on average, by more than 75% for this current fiscal year and by more than 90% for many municipalities;

WHEREAS, Future budgets approved by the Administration and the Maryland General Assembly continue these significant and untenable cuts to cities and towns;

WHEREAS, Municipal governments more than any other government form in Maryland rely on the property tax as their primary general fund revenue source;

WHEREAS, Increases in property tax rates, cutbacks in local service provision, elimination of local road projects, and reductions in workforce are the sole options left to municipalities to offset this devastating loss of general fund revenues and incorporated municipalities' extremely narrow taxing authority prevents them from raising alternative funds to lost highway user revenues and police aid that have been diverted to balance the state's general fund; and

WHEREAS, This issue is of significant importance to Chevy Chase Village and it is critical that the Administration and Maryland General Assembly take actions needed to rectify this serious problem;

WHEREAS, Chevy Chase Village supports the efforts of the Maryland Municipal League to reinstate lost state funding for municipal governments and to create alternative municipal funding mechanisms;

BE IT RESOLVED, That Board of Managers for Chevy Chase Village convened on December 13, 2010 to urge the Administration, for this coming and future fiscal years, to submit a budget document to the General Assembly reinstating to municipal governments full funding for highway user revenues and state aid for police protection; and that the Maryland General Assembly enact and the Governor sign into law enabling legislation to significantly broaden the authority of incorporated municipalities to raise

own-source revenues to reduce the reliance of cities and towns on the property tax to fund municipal government services.

David L. Winstead, Chairman
Chevy Chase Village Board of Managers

Davis-Cook, Shana

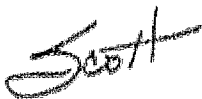
From: Village, Chevy Chase
Sent: Tuesday, October 12, 2010 4:54 PM
To: Davis-Cook, Shana
Subject: FW: Baltimore Sun Editorial - Sunday, October 11
Attachments: Baltimore Sun Editorial Oct2010 HUR.pdf

From: Kimberly Cetrone [<mailto:KimberlyC@mdmunicipal.org>] **On Behalf Of** Scott A. Hancock
Sent: Tuesday, October 12, 2010 10:29 AM
Subject: Baltimore Sun Editorial - Sunday, October 11

To: MML Membership

Attached please find a copy of the guest editorial submitted to the *Baltimore Sun* by MML President Comegys regarding the League's efforts to regain lost Highway User Revenues, which appeared in the October 11, 2010 edition of the newspaper. It is imperative that we keep the pressure on by reaching out NOW to your General Assembly candidates about the need to restore municipal highway user revenues and police aid. Keep up the good work – our voices are being heard!

Sincerely,



Scott A. Hancock, ICMA-CM
Executive Director
1212 West Street
Annapolis, Maryland 21401
(410) 268-5514
scotth@mdmunicipal.org



THE
MARYLAND
MUNICIPAL
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Towns need their road funding

Maryland's municipalities need their highway user money, as well as additional ways to raise revenues

By Gary Comegys

October 11, 2010

What if 95 percent of your road went unplowed during a snowstorm this winter? Or if only 5 percent of a pothole in front of your office was filled?

Members of the Maryland Municipal League — composed of 157 incorporated cities and towns and two special taxing districts in Maryland — have been dealing with a 95 percent cut in funding for road maintenance since early 2010. Now, as 2012 budget decisions are under way, many local leaders are left with few options to make ends meet and continue to be able to provide these essential, quality-of-life transportation services.

All municipalities have been affected, but hardest hit have been Maryland's historic small towns.

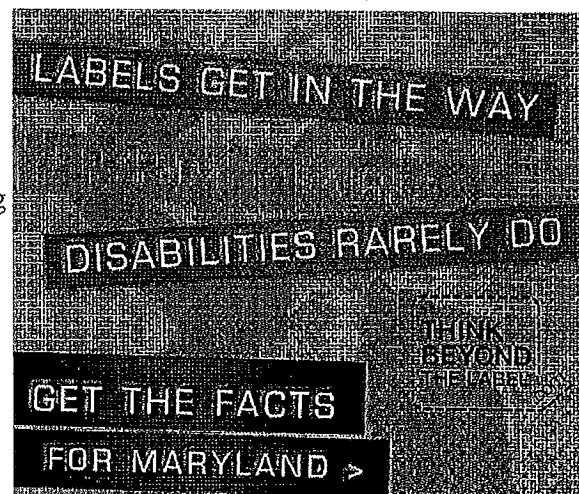
In the mountains of Garrett County, Deer Park Mayor Donald E. Dawson took it upon himself to plow his town's streets after last winter's debilitating snowstorms because the town did not have the money for a contractor to perform the work. Elsewhere in Garrett County, Friendsville has turned off half of its streetlights, and Loch Lynn Heights heated its Town Hall with a wood stove last winter to save on energy costs — just to keep operating for residents.

Since 2004, state aid for Berwyn Heights in Prince George's County has dropped from 20 percent to less than 3 percent of the town's budget. As a small town with about 3,000 residents, Berwyn Heights undertakes major road projects every few years. In 2009, the town completed engineering work on a \$650,000 project to fix a road that was significantly damaged by underground water maintenance, only to have to postpone the project after the State Board of Public Works passed its most recent cuts.

Bel Air has about 10,000 residents. It took the town 20 years to achieve a regular road maintenance and public works and police vehicle replacement schedule. To be able to continue to fund these basic transportation-related services, the town has deferred its major capital improvement projects, including plans for a much-needed new Town Hall and police station.

The unfortunate financial circumstances play out like this for all of Maryland's municipalities. In fiscal year 2008, highway user revenues were fully funded at nearly \$45 million. In April 2009, these revenues were reduced by 11 percent, then further drastically cut to just \$6.1 million by the Board of Public

advertisement



Works in August 2009, after municipalities had already passed their budgets. In fiscal year 2011, it is estimated that only \$1.6 million will be returned to Maryland's cities and towns.

A significant reduction in state police aid is also at issue for 88 Maryland municipalities that maintain their own police departments. In fiscal 2008, funding for municipal police aid was nearly \$12.1 million. In fiscal 2011, it was reduced by 35 percent.

The Maryland Municipal League is asking the governor and the General Assembly to reinstate municipal funding for roads and police and to give municipalities more options for raising revenue. Unlike Maryland's counties (and Baltimore City), municipalities do not have the authority to levy transfer, recordation, energy or telecommunication taxes. Along with a return to 2008 levels of state funding, municipalities desperately need enabling legislative authority to utilize new revenue tools when there are changes in state funding in the future.

When a road is in disrepair, Marylanders expect their government to fix it. When several feet of snow pile on our region, Marylanders expect their government to plow them out. In a down economy, some state funding cuts must be made, but Maryland's municipalities are unfairly bearing the burden of continuing to fund basic quality-of-life services with little to no options to make up the difference.

Municipalities receive only two major sources of state aid: highway user revenues and police aid. While these two funding sources make up less than 1 percent of total state aid to county and municipal governments, they are significant sources of revenue at the municipal level.

The reality is that people in Maryland's municipalities contribute to funding the highway user revenue fund through the gas tax and other transportation-related fees. However, they are not seeing this revenue returned — as it was intended — to support the infrastructure of their local communities.

Gary Comegys, the Salisbury City Council vice president, is the Maryland Municipal League's 2010-11 president. E-mail: mmml@mdmunicipal.org. For more information, visit <http://www.mdmunicipal.org>.

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